

Department of the Treasury

MEMBERSHIP BALANCE PLAN

FINANCIAL RESEARCH ADVISORY COMMITTEE

Pursuant to 41 C.F.R. § 102-3.30(c) and 41 C.F.R. § 102-3.60(b)(3), this Membership Balance Plan for the Office of Financial Research (“OFR”) is being provided as part of the charter establishment plan and describes how the OFR intends to maintain a fairly balanced membership for its Federal Advisory Committee.

1. **Name**. Financial Research Advisory Committee (“Committee”).
2. **Authority**. The Membership Balance Plan for the Committee is prepared in accordance with the provisions of the Federal Advisory Committee Act, as amended (5 U.S.C. App. 2) (the “Act”).
3. **Mission/Function**. The Committee’s purpose is to provide advice and recommendations to the OFR to assist the OFR in carrying out its duties and authorities. The advice and recommendations may cover specific or general topics, processes, studies, and/or reports. The OFR’s duties and authorities are set out in the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203, July 21, 2010).
4. **Points of View**. The Committee provides an opportunity for academics, researchers, industry leaders, and government officials to offer its expert advice and recommendations to the OFR, which, among other things, is responsible for collecting and standardizing data on financial institutions and their activities and for supporting the work of federal financial regulators and researchers. In order to elicit the best possible advice, the Committee must not only be composed of recognized experts but must also be appropriately balanced with regards to expertise, representation, and perspectives and must implement a fair approach to evaluate prospective members. The number of members and the membership balance of the Committee are not static and will vary depending on OFR’s needs and the work of the Committee.
 - a. **Subject-Matter Expertise of Committee Members**. The Committee members must be recognized experts in the fields of economics, financial institutions and markets, statistical analysis, financial markets analysis, econometrics, applied sciences, risk management, data, information standards, technology, or other areas related to OFR’s duties and authorities, or may be representatives of sectors related to OFR’s duties and authorities. Members should also have experience as a widely-recognized academic or research expert in a field related to OFR’s duties and authorities, as a senior leader or respected professional within an industry sector related to OFR’s duties and authorities, or as a financial regulator or official in an area related to OFR’s duties and authorities.

- b. Areas of Expertise on Committee. The Committee should include members with expertise in a variety of areas related to OFR's duties and authorities. Some members may have deep expertise in a particular field, while other members may have multiple areas of expertise.
- c. Service as Members. The Committee members may be selected from the academic, business, or government arenas based on their individual or independent expertise, while other members may be representative of an institution or industry. Members who are designated as Representative are representative of the perspective of a certain group of similarly-situated persons who have an interest in the subject of the discussion. Members who are designated as Special Government Employees (SGEs) are appointed to exercise their own best judgment.

The factors to be considered in making an employment status determination for advisory committee members include: the express language of the advisory committee's enabling documents; whether the prospective committee member will receive compensation other than travel expenses for his or her services on the committee; whether the prospective committee member was selected through an appointment process that used outside recommendations; and whether the prospective committee member will be supervised by a Federal government employee. Any new members will be reviewed using the same standard that was used for the current members.

- 5. Other Balance Factors. Other balance factors that OFR has identified as important for the Committee's membership include diversity in geography and demographics and diversity in institutional size or type for members who may be representative of an institution or industry.

6. Candidate Identification Process.

- a. Cross-section and Selection. The Director of the OFR will work with his or her OFR management team to formulate OFR's strategic priorities and determine what areas of expertise are needed on the Committee to support OFR's duties and authorities. The OFR will solicit nominations for the Committee by placing a notice in the *Federal Register* and by identifying potential candidates based on a thorough review of experts, interaction with various professionals via conferences and associations, recommendations from the Director of the OFR and the OFR management team, and suggestions from current or former Committee members or other knowledgeable sources within the academic, business, and government communities.

Final recommendations for members will be based on a candidate's demonstrated knowledge in the fields of economics, financial institutions and markets, statistical analysis, financial markets analysis, econometrics, applied sciences, risk management, data, information standards, technology, or other areas related to OFR's duties and authorities. Final recommendations will also be based on how that candidate fits within the overall composition of the Committee with respect to types of expertise, representation, and perspective. Every effort will be made to identify members who

exhibit cross-functional expertise (e.g. expertise in data and technology) and a holistic, integrative, and solution-oriented approach to resolving urgent and complex problems.

- b. Agency Staff Involved. Candidates will be reviewed by the Designated Federal Officer (“DFO”), Legal counsel, Treasury Officials, the Director of the OFR, and/or a candidate review panel(s), which may include the Director of the OFR, OFR staff, and other individuals as appropriate, including independent evaluators. The Director of the OFR will recommend the final selections and seek approval to appoint from the Treasury Assistant Secretary for Management.
- c. Vacancies. Vacancies will be filled as necessary, using a process to match as closely as possible the balance and diversity characteristics of the departing member or to address issues of interest to the Committee. Members who fill vacancies may complete the remaining term of his or her predecessor.
- d. Terms. Each member is appointed for a term of three years. An initial appointment may be for a one, two, or three year term to provide staggered terms.
- 7. Subcommittee Balance. The OFR may establish such subcommittees of the members as may be necessary, subject to the provisions of FACA, the FACA implementing regulations, and applicable Department of Treasury guidelines. Subcommittees that are subject to the Act will achieve membership balance in a manner consistent with attaining balance for the Committee. Subcommittees must report back to the Committee and may not provide advice or work products directly to officials of the OFR or of the Department of the Treasury.
- 8. Other. The OFR will take any steps that are necessary to ensure a balanced membership on the Committee.
- 9. Date Prepared. This Membership Balance Plan was initially prepared on December 6, 2011.